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VIA ELECTRONIC FILING

January 27, 2011

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte: CG Docket 10-51

Dear Ms. Dortch:

Pursuant to Section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is to notify you that on January 12, 2011, Robin Horwitz, CEO; David Bahar, Director of Government and Regulatory Affairs; and Bob Farkas, CFO, all of Convo Communications, LLC ("Convo"), met with Paul de Sa, Chief, Office of Strategic Planning and Policy Analysis, and Nicholas Alexander, Wireline Competition Bureau.

During the meeting, Convo provided the participants with information pertaining to Convo's costs of operation as well as some projections detailing how cost of scale manifests itself up to 1 million minutes a month. Further, Convo shared some estimates on VRS market shares and trends and made some suggestions for short-term and general solutions on how the Commission can improve the efficiency of the Video Relay Services ("VRS") industry and reach consumers who would like to use VRS but currently don't.



This letter, as well as the keynote presentation used during the meeting, are being filed for inclusion in the public record of the Commission's docket CG 10-51. In addition, Convo concurrently is filing under a request for confidentiality pursuant to Sections 0.457(d)(2) and 0.459 of the Commission's Rules, 47 C.F.R. §§ 0.457(d)(2) and 0.459, certain financial information that Convo shared with the Commission during its meeting but which Convo does not in the normal course of business reveal to the public or its competitors. A copy of the request for confidentiality and a redacted copy of this material is attached hereto.

David J. Bahar

/s/

Director of Government and Regulatory Affairs
Convo Communications, LLC

cc: Paul de Sa, Chief, Office of Strategic Planning and Policy Analysis (by e-mail)
Nick Alexander, Wireline Competition Bureau (by e-mail)

Attachments

convo™

Quick Facts

5th

LARGEST PROVIDER



0.05%

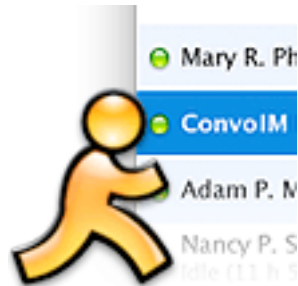
MINUTES WITHHELD

0.05% = 50 minutes per 100,000

average over August, September, October, and November billing cycles



Convo Product Lineup



- **ConvoIM**
iChat or AIM



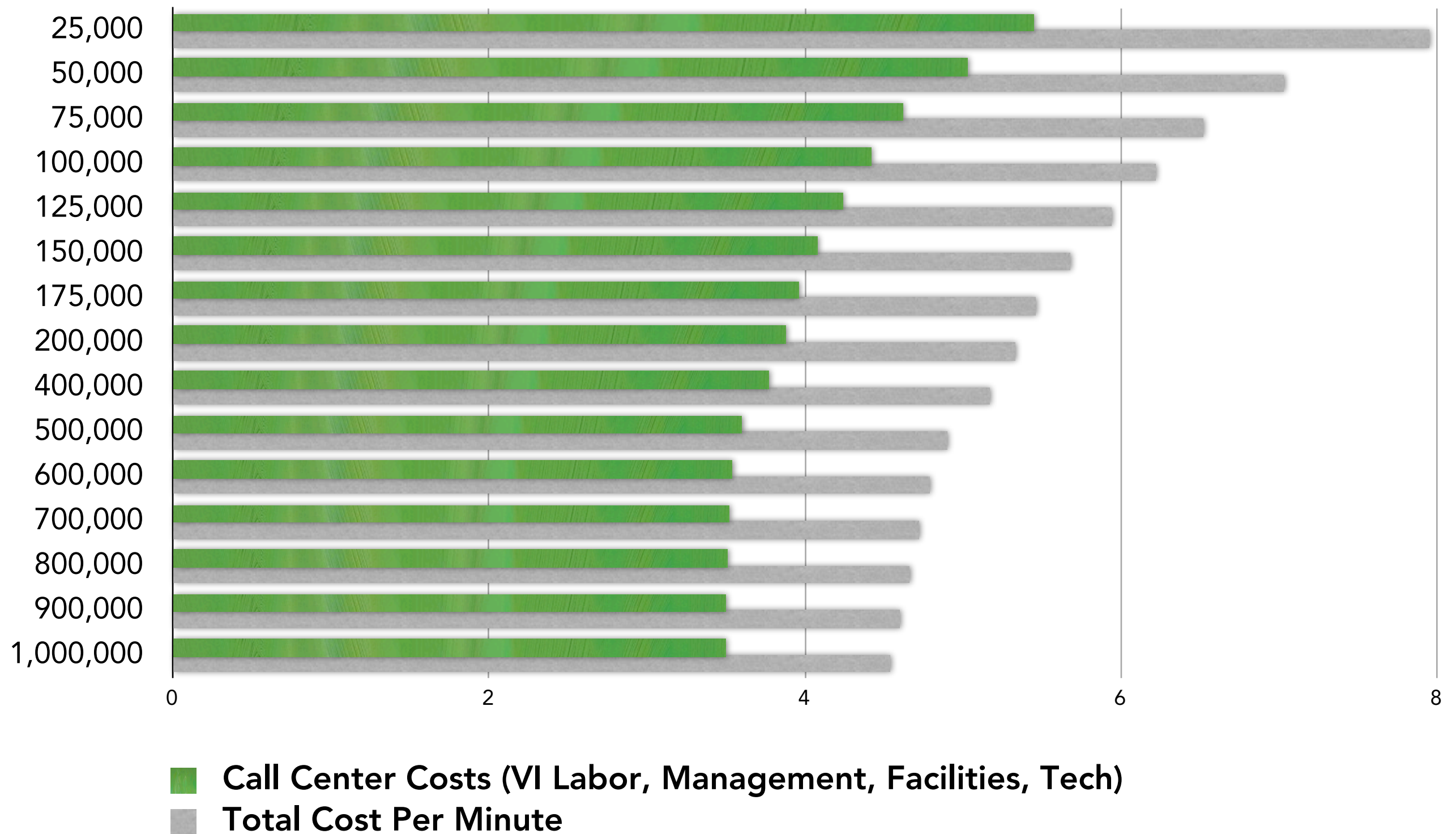
- **Convo Anywhere**
Web-based VRS



- **ConvoRelay.TV**
Videophone (VP100, VP200, OJO, VPAD & more)

**** Upcoming h.323 and SIP interoperable products ****





Convo's Estimate of the "Sweet Spot"

- ▶ **From 25K minutes to 600K:**
39.8% decrease in cost/min
- ▶ **From 600K to 1M:**
5% decrease in cost/min
(42.8% decrease from 25K)



VRS Market

► **We estimate:**

8,531,126 VRS minutes (Oct '10)

600k minutes/provider

8.5m/600k = 14 providers,

equally divided

VRS Market Shares and Trends

- ▶ VRS market shares are static
- ▶ White brand providers rarely grow beyond five digit minutes/month
- ▶ Proprietary hardware ties customers into specific providers' services
- ▶ Increasing number of commercial products with built in video cameras presents a golden opportunity

Potential Growth of VRS

- ▶ Approx. 500K ASL users in U.S.
- ▶ ~224k - 240K use VRS - a bandwidth intensive service
- ▶ FCC survey estimates that only 42% of people with disabilities use broadband at home (March 10, 2010)
- ▶ To help those who want VRS but don't have it, FCC would have to make it easier for them to get broadband

Barriers to more widespread use of VRS

- ▶ **Lack of broadband access**
- ▶ **Expensive equipment and/or Internet costs**
- ▶ **Lack of education/understanding of how to use products**
- ▶ **Rarity of commercial products usable for VRS**

Consolidation of VRS industry

- ▶ **Elimination of white label providers; less waste**
- ▶ **Better oversight of individual providers**
- ▶ **How to ensure providers with innovative technologies and services can enter the market?**
- ▶ **FCC intervention required for healthy competition**

General Short-Term Solutions

- ▶ **Make it easier to identify source of minutes (enhanced reporting)**
- ▶ **Optimize tiered rate**
- ▶ **Eliminate waste**

General Solutions

Option A:

**Separate equipment
from services**

General Solutions

Option B:

**Encourage platform
independence and use of
commercial products (desktop
and laptop computers, iPad,
Android tablets, mobile devices)**

General Solutions

Option C:

**Establish and enforce
standards across industry
(e.g., SIP)**

General Solutions

Option D:

Require all proprietary equipment to have the capability to be set to a default provider; APIs for features and functions (similar to the four APIs released by the FCC at fcc.gov/developers)

General Solutions

Option E:

Pay providers a per-minute rate when their proprietary equipment is used to call other providers



Possible Reform Model

- ▶ Regulate proprietary video phones (allow customers to choose from list of providers; APIs for features and functions)
- ▶ Establish new technology standards; phase out products that don't meet this standard
- ▶ Make it easier (and desired) to develop VRS software for commercial products, including mobile products
- ▶ Adopt Network Services model

convo™



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CONFIDENTIAL MATERIAL ENCLOSED

By Hand Delivery

January 27, 2011

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CG Docket 10-51; Convo Request for Confidential Treatment

Dear Ms. Dortch:

Convo Communications, LLC ("Convo") hereby requests confidential treatment, pursuant to Sections 0.457(d)(2) and 0.459 of the Commission's Rules, 47 C.F.R. §§ 0.457(d)(2) and 0.459, for the attached materials shared with Commission staff during an *ex parte* presentation on January 26, 2011. Specifically, on January 12, 2011, Robin Horwitz, CEO; David Bahar, Director of Government and Regulatory Affairs; and Bob Farkas, CFO, all of Convo, met with Paul de Sa, Chief, Office of Strategic Planning and Policy Analysis, and Nicholas Alexander, Wireline Competition Bureau. The attached material was discussed during this meeting and a redacted version of the attached material was filed with the *ex parte* notice regarding the meeting.

The attached documents contain confidential and proprietary commercial operational and financial information that Convo does not in the normal course of its business reveal to the public or its competitors. Convo thus requests that this information be withheld from public inspection under FOIA Exemption 4, 5 U.S.C. §552(b)(4), and Section 0.457(d)(2) of the Commission's Rules.

In support of this request, Convo provides the following information, as required by Sections 0.457(d)(2) and 0.459(b) of the Commission's Rules.

1. Information for Which Confidentiality is Requested. Convo is requesting confidential treatment for the enclosed materials, which contain proprietary and confidential commercial operational and financial information about Convo's Video Relay Service ("VRS") business operations.

2. Proceeding/Reason for Submission. Convo is submitting the enclosed information under this request for confidentiality because it was shared with Commission staff during the above-referenced *ex parte* meeting relating to CG Docket No. 10-51, which is a "permit-but-disclose" proceeding.
3. Nature of Confidential Information. The attached information contains commercial operational and financial information that is proprietary and confidential and may be withheld from public disclosure under FOIA Exemption 4. The Commission has long recognized that for purposes of Exemption 4 "records are 'commercial' as long as the submitter has a commercial interest in them." *Robert J. Butler*, 6 FCC Rcd 5414, 5415 (1991), citing *Public Citizen Health Research Group v. F.D.A.*, 704 F.2d 1280, 1290 (D.C. Cir. 1983); *American Airlines v. National Mediation Board*, 588 F.2d 863, 868 (2d Cir. 1978).
4. Competitiveness of Market. The commercial operational and financial information attached hereto derives from, and relates to, Convo's provision of competitive VRS and thus "concerns a service subject to competition." 47 C.F.R. § 0.459(b)(4).
5. Harm from Disclosure. The commercial operational and financial information attached hereto is proprietary and confidential because its release would likely cause competitive harm to Convo. The VRS industry is highly competitive. Competitors thus are always interested in what the other VRS providers are doing to provide a higher-quality, more cost-effective service. Providing Convo's competitors with access to the attached material detailing the Convo's internal commercial operational and financial information would therefore competitively harm Convo. The D.C. Circuit has found parties do not have to "'show actual competitive harm'" to justify confidential treatment. Rather, "'[a]ctual competition and the likelihood of substantial competitive injury' is sufficient to bring commercial information within the realm of confidentiality." *Public Citizen Health Research Group*, 704 F.2d at 1291, quoting *Gulf & Western Industries v. U.S.*, 615 F.2d 527, 530 (D.C. Cir. 1979).
6. Measures Taken to Prevent Unauthorized Disclosure. Convo treats the attached commercial operational and financial information as confidential and proprietary and does not publicly disclose this information.
7. Previous Disclosure. The attached information has not previously been disclosed to the public.



8. Requested Duration of Nondisclosure. The attached material should never be released for public inspection because it contains commercially sensitive, proprietary and confidential operational and financial information, the release of which would adversely affect Convo's competitive position.

For the foregoing reasons, Convo respectfully requests that the Commission withhold from public inspection the attached materials. Should you need additional information with regard to this request, please contact the undersigned.

Respectfully submitted,

David J. Bahar
/s/
Director of Government and Regulatory Affairs
Convo Communications, LLC

cc: Paul de Sa, Chief, Office of Strategic Planning and Policy Analysis (by e-mail)
Nick Alexander, Wireline Competition Bureau (by e-mail)

Attachments

Short term solution proposal

To accurately identify all the white brand providers under certified providers, Convo is recommending that the raw data sent to NECA on monthly basis be expanded to include one more column.

Currently the reports sent to NECA include the following information:

ID
Call Type
Call Center ID
Session ID
Session ID Number
Communications Assistant ID
Incoming Telephone Number
Incoming IP Address
Outgoing Telephone Number
Outcoming IP Address
Session Start Time
Conversation Start Time
Conversation End Time
Session End Time
Total Conversation Minutes
Total Session Minutes
Time Connected
Time Answered
Terminating Category

Convo proposes adding one more column showing:

Brand Provider name (The actual provider the person used to dial into the service - i.e. the provider's URL)

What kind of information will this column provide?

- Total number of callers by the brand provider
- Total minutes by the brand provider
- Average calls per customer of the brand provider
- Average minutes per customer of the brand provider
- Average minutes per number called of each brand provider
- Total number of providers (Certified and non-certified)

All should be categorized by brand provider and FCC/NECA will be able to establish some kind of standards. For instance, 3.5 - 4.0 minutes per call average is the industry standard.

At this point, Convo's statistics show for a [REDACTED] minutes provider (Tier 2 category) for December :

- Total number of callers by Convo: [REDACTED]
- Total minutes: [REDACTED]
- Average calls per customer: [REDACTED]
- Average minutes per customer by the brand provider: [REDACTED]
- Average minutes per number called for each brand provider (would require a separate report showing a listing of numbers associated with minutes and brand provider)

[illegible]

Convo Communications LLC

Estimated impact of volume on total costs/ minute

The green estimates are derived from our business model

The yellow estimates are extrapolations based upon the cost attributes.

Minutes per month		25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000	300,000	400,000	500,000	600,000	700,000	800,000	900,000	1,000,000	
VI Labor	Variable	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
mgmt & sched	Semi-fixed	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
Facilities/ Equip	Semi-fixed	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
Bill/ ACD	variable	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
Other		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
Call center costs		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
Operating costs		Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	
VRS costs/ minute		7.95	7.03	6.52	6.22	5.94	5.68	5.46	5.33	5.17	5.04	4.90	4.79	4.72	4.66	4.60	4.55	
		Redacted																
Percent change relative to original cost			11.6%	18.0%	21.8%	25.3%	28.6%	31.3%	33.0%	35.0%	36.7%	38.4%	39.8%	40.6%	41.4%	42.1%	42.8%	
			Percent change from previous				4.46%	3.79%	2.47%	2.91%	2.61%	2.68%	2.35%	1.36%	1.38%	1.18%	1.20%	

Cost structure (based on 2010 actual results)

	Jan 2010	Feb 2010	Mar 2010	Apr 2010	May 2010	Jun 2010	Jul 2010	Aug 2010	Sep 2010	Oct 2010	Nov 2010	Dec 2010	Total
Minutes	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
<u>VI cost</u>													
Staff payroll	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
IC payroll	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
% of NECA payroll	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Mobile payroll	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Extended hours	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
VI mgmt sched salary	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Payroll taxes, benefits	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
VI Labor cost	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
per minute	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
<u>Facilities & Equipment</u>													
Call center rent	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Utilities	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Depreciation	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Temporary housing	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Other call center costs	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Internet	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Server fees	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Total	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
<u>Contract services</u>													
Billing	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
ACD	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Total call center costs	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
<u>Operating costs</u>													
Technical	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Regulatory	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Marketing	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Administration	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Sales/ outreach	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Customer service	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
IT	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Owners Sweat equity	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Operating costs	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
Total Convo costs	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted
per minute	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted

Cost/ minute evolution by quarter with volume														
Minutes/ month	Redacted				Redacted				Redacted				Redacted	
Call center	Redacted				Redacted				Redacted				Redacted	
Operating costs	Redacted				Redacted				Redacted				Redacted	
Total	Redacted				Redacted				Redacted				Redacted	